

National Grid: What You Need to Know

Winter Energy Prices, Distribution Rates and Grid Modernization

Winter Electricity Supply Prices

- On September 15, National Grid submitted its winter electricity supply prices to the Department of Public Utilities for approval. These prices are determined by the market and represent the price at which National Grid purchases electricity on behalf of our customers; National Grid passes this cost along to our customers without mark up.
- Due to continued natural gas pipeline constraints in the region, market supply prices for electricity remain volatile and relatively high this winter. Although winter electric prices are down over last winter, customers in Massachusetts remain subject to unpredictable changes in electricity supply prices twice a year.
- If approved, this winter's supply price for Massachusetts electric customers will be 13 cents per kilowatt hour. This represents a 41.8% increase from current prices and a 19.3% decrease from last winter's prices.
 - A typical residential customer will see an electric bill that is 21.3% percent higher than current bills for the same amount of electricity used.
 - A typical residential customer will see an electric bill that is 9.1% lower than last winter (when accounting for additional bill adjustments made throughout the year).
 - A typical residential customer's monthly bill starting November 1 will be \$110.18, compared with an average spring bill of \$90.82 or an average November 2014 bill of \$121.20.
- National Grid will continue to provide our customers with solutions to take control of their energy costs:
 - Energy Efficiency: We urge customers to visit www.nationalgridus.com/EnergyEfficiencyServices for energy savings tips and incentives on a wide variety of energy efficient home equipment, from smart power strips and programmable thermostats to high-efficiency furnaces and boilers.
 - Billing Options: Customers should contact National Grid at 800-322-3223 or visit www.ngrid.com/billhelp to learn about bill programs that spread payments out more evenly across the year, as well as discounted rates for eligible customers. National Grid also supports initiatives such as the Low Income Home Energy Assistance Program (LIHEAP), which provide additional help to those in need.
 - In addition, National Grid encourages customers to consider all available energy supply options. You may learn more about alternative suppliers by visiting www.ngrid.com/masschoice. Regardless of your chosen supplier, National Grid will continue to deliver reliable energy, respond to service and emergency needs and provide storm restoration services.

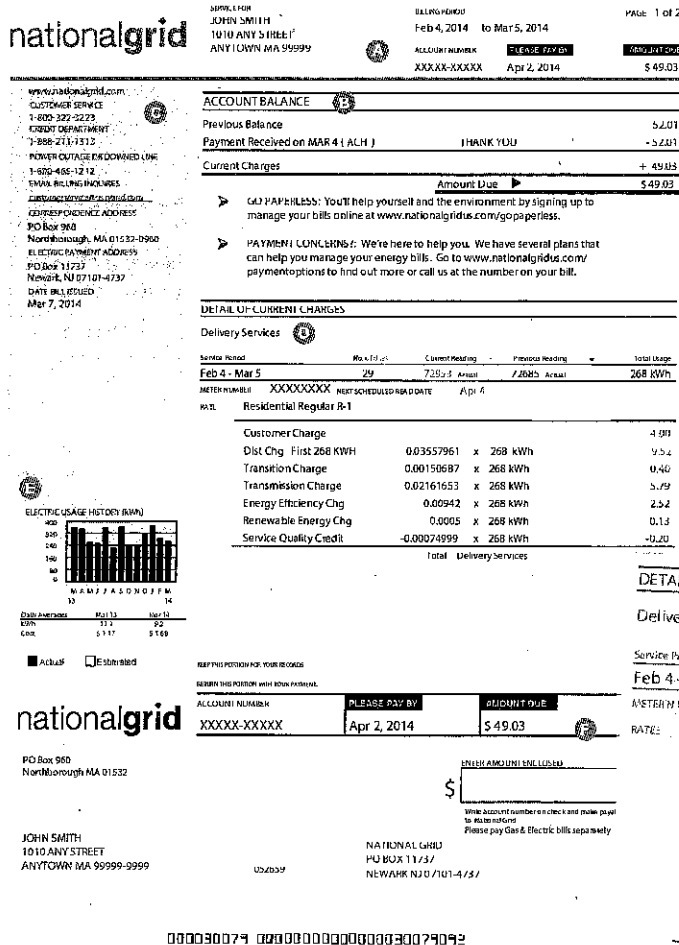
Electricity Distribution Rates

- Distribution rates represent the amount National Grid charges its customers for the maintenance of the grid and the cost of doing business. These rates have not been updated since 2010 and are based on the 2008 cost of doing business.
- National Grid's distribution rates need to be updated based on National Grid's real costs today. For example:
 - National Grid's property taxes have doubled since 2008 from \$29 million to \$58 million in 2014
 - The cost of a pole has increased 9 percent since 2008
 - The cost of a transformer has increased 20 percent since 2008
- National Grid has made significant investments in the system, more than \$200 million in 2014 and 2015. These investments improve the reliability and service customers are receiving.
- National Grid will file its proposal for updated distribution rates with the MA Department of Public Utilities later this year. The proposal will undergo a thorough review process; any changes to distribution rates would likely not take effect until later 2016.

Grid Modernization

- In August 2014, the Massachusetts Department of Public Utilities ordered all utilities to develop grid modernization proposals to be submitted for consideration by August 2015.
- An upgraded, modernized electricity grid leads to fewer, shorter power outages.
- Installing new technology and two-way communications devices allows quick identification of location and cause of outages.
- Energy management technologies, web-based applications allow customers to manage energy use, save money
- National Grid submitted its grid modernization proposal to the MA Department of Public Utilities for review on August 19.
- National Grid submitted four options with a wide range of investment levels over five years.
- **All grid modernization plans are contingent on the Department's approval and there is no deadline for their review or approval.**

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◀ FRONT PAGE OF MASSACHUSETTS
RESIDENTIAL ENERGY BILL*

DETAIL OF CURRENT CHARGES				
Delivery Services				
Service Period	No. of days	Current Reading	Previous Reading	Total Usage
Feb 4 - Mar 5	29	72953 Actual	72685 Actual	268 KWH
METER NUMBER	X XXX XXX			
RATES	NEXT SCHEDULED REAT DATE: Apr 4			
Residential Regular R-1				
Customer Charge				
Dist Chg First 268 KWH	0.03557961	x 268 KWH		4.00
Transition Charge	0.00150687	x 268 KWH		9.52
Transmission Charge	0.02161653	x 268 KWH		0.00
Energy Efficiency Chg	0.00942	x 268 KWH		5.79
Renewable Energy Chg	0.0005	x 268 KWH		2.52
Service Quality Credit	-0.00074959	x 268 KWH		-0.20
Total Delivery Services				\$ 22.6

- A.** The top of your bill shows your name, service address, billing period, account number, amount due and due date.
- B.** Account balance lists any previous balance due, payments received, date paid and your current charges.
- C.** This section lists National Grid contact information, correspondence address, electronic payment address and the date the bill was issued.

- D. Delivery services lists your current charges for delivering energy to your address. This includes the distribution charge, which is the service National Grid provides to our customers.**
- E. This sections shows your energy usage history graph.**
- F. This section shows your account number, the due date and the total amount due.**

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SEE REVERSED SIDE FOR SECOND PAGE OF BILL >

Understanding supply and delivery continued

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STREET: JOHN SMITH
1010 ANY STREET
ANYTOWN MA 01999
BILLING PERIOD: Feb 4, 2014 to Mar 5, 2014
ACCOUNT NUMBER: XXXXX-XXXXX
APR 2, 2014
PAGE: 2 of 2
AMOUNT DUE: \$ 49.03

Escalation Information

To avoid a supplier or charge to another supplier, you must meet the following information about your account.
Contract: 10000-XXXXX
Meter: XXXXX-XXXXX
Cycle: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12

Electric Usage History

Month	kWh	Month	kWh
Mar 12	259	Oct 12	239
Apr 12	247	Nov 12	235
May 12	261	Dec 12	306
Jun 12	253	Jan 13	259
Jul 12	254	Feb 13	255
Aug 12	253	Mar 13	269
Sep 12	316		

Supply Services

SUPPLIER: National Grid

Basic Service Fixed	0.10025	x	268 kWh	26.87
Total Supply Services				\$ 26.87

Payment Plans are Available for Fixed or Meter Monthly. Please Contact Us at 1-888-211-1313.
After payment of Standard on-line service, please allow 48 hours for completion. 1-888-211-1313.

Right to Dispute Your Bill

If you believe your bill is incorrect or you wish to dispute all or part of your bill, please contact National Grid at 1-888-211-1313 and request an investigation by a Company Complaint Officer. If you are not satisfied with the written decision or still feel you have the right to appeal to the Massachusetts Department of Public Utilities, Consumer Division, One South Street, Boston, MA 02110. Telephone 617-737-2636 or 1-877-886-2666.

Department of Public Utilities

DPU regulations provide that a Company may not terminate electric service for failure to pay any portion of a bill when a customer disputes or appeals its pendency.

Age-Related Management Program (ARMP)

ARMP provides services for persons to become qualified residential customers. Participants receive access to energy conservation programs and may receive monthly budget billing payments. For complete details and an application, visit www.nationalgrid.com or call the number on the front.

Explanation of General Billing Terms

Work: Off-peak hour, a basic unit of electricity used.
On-Peak: Period of time when the need or demand for electricity on the Company's system is low, such as late evenings, weekends and holidays.
Peak: Period of time when the need or demand for electricity on the Company's system is high, normally during the day, Monday through Friday, excluding holidays.
Estimated Bill: A bill which is calculated based on your typical monthly usage rather than on an actual meter reading. It is usually rendered when we are unable to read your meter.
Meter Multiplier: A number by which the usage on certain meters must be multiplied by to obtain the total usage.
Demand Charge: The cost of providing electrical transmission and distribution equipment to accommodate your largest electrical load.

Supplier Service Charges are comprised of:

Generation Charge: The charge to provide electricity and other services to the customer by a supplier.

Right to Electric Service

If you have a financial hardship you for anyone presently and normally living in your home have a Right to Electric Service in the following situations:
- During illness or injury. Contact your physician or Board of Health and have them telephone the Company immediately at 1-888-211-1313. Within seven (7) days of the phone call your physician or Board of Health must certify in writing to the Company that serious illness exists. The certificate protects against termination for 90 days (90 days if chronic illness) and may be renewed. Your failure to renew such certification of serious illness as set out above may result in your service being terminated.

Questions

If you have questions or complaints regarding this bill, National Grid's service quality, please contact Customer Service at 1-888-211-1313. You may also contact the Massachusetts Department of Public Utilities, Consumer Division at 617-737-2636 or toll free at 1-877-886-2666 or web site: www.mass.gov/dpu.

Delivery Service Charges are comprised of:

Customer Charge: The cost of providing customer related services such as metering, meter reading and billing. These fixed costs are unaffected by the actual amount of electricity you use.
Distribution Charge: The cost of delivering electricity from the beginning of the Company's distribution system to your home or business.
Transmission Charge: Company payments to its wholesale supplier for transmitting its wholesale arrangements.
Renewable Energy Charge: A charge to fund initiatives for communicating the benefits of renewable energy and related energy.

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◀ SECOND PAGE OF MASSACHUSETTS RESIDENTIAL ENERGY BILL *

G. Supply services lists your current charges for energy supply and your supplier's name. You have the option for choosing an energy supplier other than National Grid. Regardless of which supplier you use, National Grid will continue to deliver your energy and provide outage restoration and emergency response. Electricity supply prices are set by the market and are passed through to customers without a markup.

H. This section shows your energy usage history.

I. This section features additional information including definitions of terms used in your bill, your rights as a customer and additional contact information.

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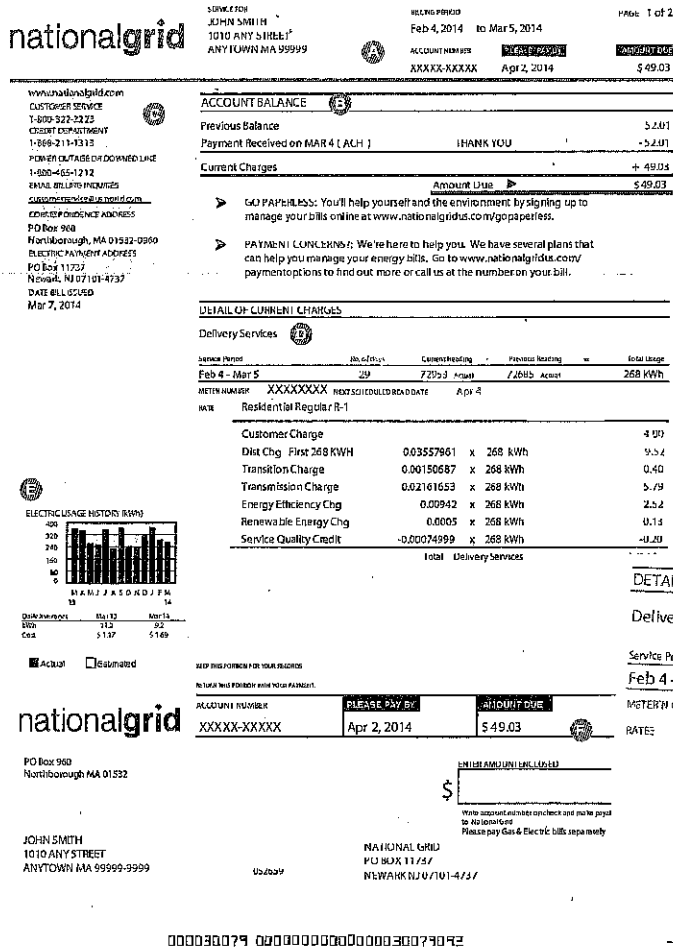
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SEE REVERSED SIDE FOR SECOND PAGE OF BILL >

Understanding supply and delivery continued

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SERVICE FOR
JOHN SMITH
1010 ANY STREET
ANYTOWN MA 01999

BILLING PERIOD
Feb 4, 2014 to Mar 5, 2014

PAGE: 2 of 2

ACCOUNT NUMBER: XXXXX-XXXXX
APR 2, 2014 \$49.03

For Customer Information

To ensure that a supply or change in supply is made, please provide the following information about your service:

Location: XXXXX-XXXXX

Address: XXXXX-XXXXX

City: XXXXX-XXXXX

State: XXXXX-XXXXX

Zip: XXXXX-XXXXX

Phone: XXXXX-XXXXX

E-mail: XXXXX-XXXXX

Web: XXXXX-XXXXX

Mobile: XXXXX-XXXXX

Fax: XXXXX-XXXXX

Pager: XXXXX-XXXXX

Other: XXXXX-XXXXX

Comments: XXXXX-XXXXX

Notes: XXXXX-XXXXX

Alerts: XXXXX-XXXXX

Outage: XXXXX-XXXXX

Service: XXXXX-XXXXX

Usage: XXXXX-XXXXX

Rate: XXXXX-XXXXX

Term: XXXXX-XXXXX

Start: XXXXX-XXXXX

End: XXXXX-XXXXX

Notes: XXXXX-XXXXX

Comments: XXXXX-XXXXX

Alerts: XXXXX-XXXXX

Outage: XXXXX-XXXXX

Service: XXXXX-XXXXX

Usage: XXXXX-XXXXX

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Term: XXXXX-XXXXX

Start: XXXXX-XXXXX

Supply Services

SUPPLIER: National Grid

Basic Service Fixed 0.10025 x 268 kWh 26.87
Total Supply Services \$26.87

◀ SECOND PAGE OF MASSACHUSETTS
RESIDENTIAL ENERGY BILL*

Payment Plans are Available for Four or More Months. Please Contact us at 1-800-322-3223

Alerts: Important! Please call us at 1-800-322-3223 if you have a meter change, service change, or other change to your account.

Right to Dispute Your Bill

If you believe your bill is incorrect, you have the right to dispute it. You must contact us within 30 days of the bill date. If you are not satisfied with our decision, you may request a hearing. For more information, please contact the Massachusetts Department of Public Utilities, Consumer Division, One South Street, Boston, MA 02106. Telephone: 617-337-2836 or 1-877-886-5066.

Department of Public Utilities

DPU regulations provide that a company may not terminate electric service for failure to pay any portion of a bill when a customer complaint or appeal is pending.

Arrangement Management Program (AMP)

AMP provides an arrangement for income-qualified residential customers. Participants must accept and pay current and monthly budget billing payments. For complete details and an application, visit www.mass.gov/dpu or call the number on the form.

Explanation of General Billing Terms

Rate: Amount you pay for electricity used.
On-Bill: Period of time when the need or demand for electricity on the Company's system is low, such as late evening, weekend and holidays.
Peak: Period of time when the need or demand for electricity on the Company's system is high, normally during the day, Monday through Friday, excluding holidays.
Estimated Bill: A bill which is calculated based on your typical monthly usage and then on an actual meter reading. It is usually rendered when we are unable to read your meter.
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Supplier Service Charges are composed of:

Generation Charge: The charge to provide electricity and other services to the customer by a supplier.

Delivery Service Charges are composed of:

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Distribution Charge: The cost of delivering electricity from the beginning of the Company's distribution system to your home or business.
Transition Charge: Company payments to its wholesale supplier for transferring its wholesale arrangements.
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Energy Efficiency Charge: The cost of energy efficiency programs offered by the Company.
Renewable Energy Charge: A charge to fund initiatives for communicating the benefits of renewable energy, growth, expansion, renewable energy and related energy.

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